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Message Text

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46
ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SPC-03 SS-15 ACDA-19 IO-15 SAJ-01

AID-20 EB-11 FRB-02 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 STR-08 FMC-04 SCEM-02 INT-08 FPC-01

EA-11 DRC-01 /214 W
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O 051820Z OCT 73
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC IMMEDIATE 7462
USDOC WASHDC IMMEDIATE
USTREASURY IMMEDIATE
INFO AMEMBASSY MOSCOW IMMEDIATE

C O N F I D E N T I A L BELGRADE 4508

SHUTO 39

E.O. 11652: GDS
TAGS: OVIP (SHULTZ, GEORGE P.) BEXP UR US
SUBJECT: THIRD SESSION OF JOINT US-USSR COMMERCIAL COMMISSION:
SUPPLEMENTARY REPORT

REF: MOSCOW 12224

1. SUMMARY. SHULTZ DELEGATION TO THIRD SESSION
US-USSR JOINT COMMERCIAL COMMISSION COMPLETED SUCCESS-
FUL VISIT TO SOVIET UNION PERIOD SEPTEMBER 28-OCTOBER 4.
ATMOSPHERE OF JOINT COMMISSION MEETINGS WAS EXTREMELY
FRIENDLY AND COOPERATIVE. SECRETARIES SHULTZ AND DENT,
AND UNDER SECRETARY CASEY MET WITH BREZHNEV, KOSYGIN,
DEPUTY CHAIRMAN OF COUNCIL OF MINISTERS V.N. KVIKOV,
BAYBAKOV OF GOSPLAN, GARBUZOV OF FINANCE, LIGHT INDUSTRY
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MINISTER TARASOV, KUSNETSOV OF FOREIGN AFFAIRS, AND

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USA INSTITUTE DIRECTOR ARBATOV. DURING THE PERIOD OF
THE COMMISSION MEETINGS, OCTOBER 1-3, SECRETARY DENT
OFFICIATED AT OPENING OF U.S. COMMERCIAL OFFICE MOSCOW
WITH CO-CHAIRMAN SHULTZ AND PATOLICHEV IN ATTENDANCE. THE
STAFF FOR THE COMMERCIAL OFFICE AS WELL AS THE SOVIET
TRADE REPRESENTATION IN WASHINGTON WAS SET AT 25. THE
ORGANIZATION OF JOINT US-USSR TRADE AND ECONOMICS
COUNCIL WAS ANNOUNCED.

THE KAMA RIVER PURCHASING COMMISSION WAS EXTENDED FOR
ONE YEAR AND ITS STAFF WAS SET AT 21. A WIDE RANGE OF
SUBJECTS DEALING WITH TRADE AND ECONOMIC COOPERATION WERE
DISCUSSED. END SUMMARY

2. SOVIETS WERE OBVIOUSLY ANXIOUS TO ESTABLISH FROM
THE VERY BEGINNING THAT THEY WISHED THE MOMENTUM GENE-
RATED BY OUR IMPROVING RELATIONSHIPS TO CONTINUE. A
DELEGATION HEADED BY DEPUTY MINISTER MANZHULO GREETED
THE ZHULTZ PARTY IN SOCHI, THE MAYOR EXTENDED RED CARPET
TREATMENT, AND EVERY COURTESY WAS EXTENDED. BREZHNEV
FLEW BACK TO MOSCOW TO SEE SHULTZ, DENT, AND CASEY THE
FIRST DAY OF MEETINGS. THIS IS HIGHLY UNUSUAL AS CUSTOM
FOR SUCH VISITS, IF THEY OCCUR AT ALL, IS LAST DAY.
EXTREMELY FRIENDLY AND HOSPITABLE TREATMENT CONTINUED IN
LENINGRAD WITH PATOLICHEV ACCOMPANYING SHULTZ THROUGHOUT
VISIT. CONSTANT THEME WAS LONG-TERM COOPERATION FAR TOO
IMPORTANT TO BE JEOPARDIZED BY SHORT TERM PROBLEMS.

3. SENIOR MEMBERS OF PARTY RECEIVED CORDIALLY
BY LARGE NUMBER OF SENIOR SOVIET DECISION-MAKERS. SHULTZ,
DENT, AND CASEY SAW BREZHNEV AND PATOLICHEV. SHULTZ AND
CASEY SAW KOSYGIN. SHULTZ AND DENT SAW DAVBUZOV. SHUTLTZ
SAW OVIKSOV. DENT SAW BAYBAKOV, TALASOV, AND VISITED
THE MOSKVICH AUTOMOBILE PLANT. CASEY SAW KUZNETSOV AND AVBATOV.
THESE MEETINGS DESCRIBED IN SEPARATE COMMUNICATIONS.

4. COMMERCIAL OFFICE OPENING ON OCTOBER 3 WELL ATTENDED
BY HIGH RANKING SOVIET OFFICIALS AND PRESS. DEDICATION
PLAGUE UNVIELED BY SECRETARY DENT PROBABLY FIRST SUCH
CONTAINING KISSINGER NAME AS SECRETARY OF STATE. SOVIETS
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NOT HAPPY WITH STAFF RESTRICTION AT 25 FOR TRADE REPRE-
SENTATION BUT SOMEWHAT GRUDGINGLY ACCEPTED AFTER WE HAD
HELD THE LINE AT 20 FOR MOST OF THE NEOGTIATING PERIOD.
FIGURE OF 21 FOR KAMA PURCHASING COMMISSION ACCEPTED WITH-
OUT COMMENT. LAZARUS INFORMALLY COMMUNICATED SECURITY CONCERNS
TO ZINOVIEV SPECIFICALLY MENTIONING SEDOV CASE. ZINOVIEV
VERY UNCOMFORTABLE, NOT WANTING TO BE INVOLVED IN SECURITY
MATTERS.

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5. DON KENDALL AND BORISOV OF THE SOVIET CHAMBER OF COMMERCE AND INDUSTRY REPORTED ON THE ORGANIZATION FOR THE JOINT US-USSR TRADE AND ECONOMICS COUNCIL AT THE FIRST PLENARY, OCTOBER 1. THE SOVIETS APPEAR TO ENDORSE COUNCIL STRONGLY AND HAVE GREAT AFFECTION FOR KENDALL AND RESPECT FOR HAROLD SCOTT THE PRESIDENT-DESIGNATE OF THE COUNCIL. FOLLOWING DAY ALKHIMOV WAS ANNOUNCED AS CO-CHAIRMAN ON SOVIET SIDE. THIS MAY HAVE RUFFLED SOME FEATHERS, BORISOV'S IN PARTICULAR.

6. WORKING SESSIONS DIVIDED INTO FOUR WORKING GROUPS. LNG WORKING GROUP CO-CHAIRED BY BENNETT AND OSIPOV AGREED ON NEED FOR MORE DETAILED ECONOMIC DATA, PRICING OF

NORTH STAR PROJECT, AND SIMULTANEOUS MEETING AMONG US, USSR AND JAPAN ON YAKUTSK PROJECT. THESE REFLECTED IN AGREED MINUTES. INDUSTRIAL PROJECT WORKING GROUP CO-CHAIRED BY BENNETT AND KOMAROV CONCENTRATED MAINLY ON SOVIET INTEREST ON PROJECTS REQUIRING LARGE QUANTITIES OF ENERGY. U.S. SIDE SAID IT WOULD ASSEST IN CALLING OPPORTUNITIES TO ATTENTION OF US BUSINESS BUT WOULD NEED MORE SPECIFIC INFORMATION. SOVIETS ALSO ADVISE TO USE JOINT COUNCIL TO DEVELOP INTEREST OF US FIRMS. FINANCING WORKING GROUP CO-CHAIRED BY BENNETT AND ALKHIMOV FOCUSED OF INFORMATION REQUIREMENTS WITH SOVIETS INDICATING THEY RECOGNIZED NEED FOR ADDITIONAL INFORMATION PRIOR TO CONSUMATING OF EITHER GAS DEAL. IN BUSINESS FACILITIES WORKING GROUP CO-CHAIRED BY LAZARUS AND MANZHULO. LAZARUS HANDED OVER AIDE-MEMOIRE AN FACILITATION PROBLEMS AND RECEIVED ASSURANCES OF HELP AND OF ADD-ITIONAL ACCREDITATIONS IN THE NEAR FUTURE. DOW AND IBM WERE MENTIONED. STAFFING FOR COMMERCIAL OFFICE, TRADE REPRE-SENTATION AND KAMA PURCHASING COMMISSION WERE COVERED CONFIDENTIAL

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IN THIS GROUP.

7. PATOLICHEV RAISED SOVIET DESIRE FOR A TEN-YEAR ECONOMIC COOPERATION AGREEMENT. AN INFORMAL DISCUSSION GROUP CO-CHAIRED BY DAM AND MANZHULO DISUCSSED QUESTIONS OF DEFINITIONS, PRECEDENT, AND SOVIET OBJECTIVES. IT WAS AGREED THAT THE US SECTION WOULD STUDY THE MATTER FURTHER AND CONTACT THE SOVIET SECTION WITHIN GHE CONTEXT OF THE JOINT COMMISSION. IT WAS INFORMALLY UNDERSTOOD THAT THE CONTACT WOULD BE MADE IN EARLY 1974.

8. THE PERSONAL RELATIONS WHICH HAD BEEN ESTABLISHED PREVIOUSLY AMONG VARIOUS MEMBERS OF THE US AND SOVIET SECTIONS SUBSTANTIALLY FACILITATED THE WORK OF THE COMMISSION. SECRETARY SHULTZ STRESSED THE IMPORTANCE

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OF HUMAN CONTACT THROUGHOUT THE TRIP AND HIS VIEW WAS
STRONGLY CONCURRED IN BY THE SENIOR SOVIET OFFICIALS.
SHULTZ

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